

# WORLD TRADE ORGANIZATION

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Council for Trade in Goods

## MINUTES OF THE MEETING

Held in the Centre William Rappard  
on 1 October 1998

*Chairperson: Ambassador R. Saborio Soto*

The meeting was convened by WTO/AIR/920. The proposed agenda contained in document G/C/W/124 was adopted, with the inclusion of items 5, 6, 7, 8 and 9 under "Other business."

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## **I. MARKET ACCESS MATTERS**

### **A. COMMITTEE ON MARKET ACCESS**

#### **- Periodic Report of the Committee (G/MA/60)**

1.1 On behalf of Mr. Lundby, Chairman of the Committee on Market Access, the representative from Norway introduced the periodic report of the Committee, contained in document G/MA/60. He stated that in accordance with the agreed procedures of the Committee on Market Access regarding the transmission of factual data related to requests for extension of waivers, a draft report to this Council had been circulated in document G/MA/Spec/8 and had been examined by the Market Access Committee at its meeting of 22 September 1998. Following that meeting, the report had been revised taking into account the discussions that had taken place at that meeting.

1.2 The report summarized the activities of the Committee since its last report to the Council, made in April this year, and reflected in Annexes I and II the reasons why certain Members whose waivers would expire on 31 October 1998 had to request a further extension for a new period of six months, i.e. until 30 April 1999, mainly to conclude ongoing consultations or to finalize the preparation of the required documentation. To date, out of the 41 Members under waivers (37 in relation to HS96 changes and four with regard to the transposition or renegotiation of their schedules), ten Members had not yet submitted the required documentation and the submissions of 31 Members were still pending approval by the other Members. He encouraged the delegations concerned to pursue their efforts in order to settle the pending issues as soon as possible.

1.3 The report also gave a summary of the activities carried out in the context of the modalities and operation of the Integrated Data Base (IDB) and indicated that to date only 36 Members and three acceding countries had provided IDB submissions although by Decision of the General Council Members were under the obligation to submit annually information on tariff rates and on imports. In this context, the Committee had agreed that the Chairman would send a letter to the countries that had not yet provided their IDB submissions, drawing their attention to the importance for all countries to participate in this exercise and requesting the governments concerned to advise the Chairman of the problems encountered and possible technical assistance needed.

1.4 The representative of India stated that his delegation was concerned by the limiting of access to the IDB to certain Members of this organization, according to the policy that was in this respect under consideration in the Committee on Market Access. India had participated in the informal meeting of the Committee on Market Access, held on 16 September 1998 at 3.00 p.m., to discuss an informal note prepared by the Secretariat, at the request of Members, on *Dissemination of the IDB* (circulated as Job No. 1483/Rev.1). The informal session had been called due to the fact that opinions had differed on the IDB dissemination policy to be adopted by this organization during meetings held before the summer break. During these discussions, India had conveyed its inability to accept the proposal contained in paragraph 5 of Part IV of the informal note. She reminded Members that the

proposal in paragraph 5 would provide that Members' access to tariff line level files of the IDB would be contingent upon Members having provided their IDB submissions of tariffs and imports or having requested technical assistance for the preparation of this information. And by reference to this proposal in paragraph 5, India had also conveyed its inability to accept any change in other paragraphs, notably the addition of the words "that have already been granted access to the IDB" to paragraph 6 of Part IV, as had been suggested by a Member. She recalled that her delegation's reservations had been repeated during the conclusions drawn at the close of the informal meeting, so that there could not have been any room for ambiguity about India's position. Denial of access to the database would be tantamount to imposing a penalty for delay in complying with notification obligations, and such action might have wide ramifications for the functioning of the WTO. Her delegation had indicated that it might be too precipitate an action, especially as only 36 Members had fulfilled their notification obligations, and that a more prudent course might be to give the concerned Members a reasonable period of time to fulfil their notification obligation. To encourage the concerned Members, India had proposed that the Chairman of the Market Access Committee might consider writing a letter to these Members, and that the response to such a request could be reviewed again. It was her understanding that the informal meeting concluded on the basis that another attempt would be made to persuade Members to comply with their IDB notification requirements, and that a draft letter to the concerned Members urging them to comply would be circulated for consideration, and also that the compliance status would be reviewed after a reasonable period of time. From paragraphs 5 and 7 of the *Periodic Report of the Committee on Market Access*, it was clear that a revised informal note (Job No. 1483/Rev.2) had formed the basis of discussions in the Committee on Market Access at its formal meeting held close on the heels of the informal meeting on 22 September 1998, and that the proposals for dissemination of the IDB as described in this revised note were adopted at this meeting. The revised informal note, as well as the draft letter to the Members, were not circulated or discussed in advance, but were introduced at the formal meeting itself.

1.5 India's concern stemmed from two aspects of this matter. First, the procedures that had been adopted and were practised in the WTO envisaged the building up of consensus on proposals through discussion, in a series of informal meetings, as may be necessary, so that concerns once expressed could be dealt with in a manner satisfactory to all Members. In the instance of the proposal on the dissemination of the IDB, despite a clear indication that the proposal was unacceptable to India, no attempt had been made to engender a further discussion on, or even to sensitise India of, the impending consideration that proposal at the next formal session. In parallel, a number of informal sessions were underway on the draft work programme on global electronic commerce in another body, and the matter was not put up for adoption in formal session until the last dot and comma had been agreed upon. Since the agenda for the formal meeting of the Committee on Market Access was circulated well in advance of the informal meeting itself, and on the clear understanding that a draft letter would be circulated for consideration, it was not unreasonable by India to expect that the proposals contained in paragraphs 5 and 6 would not be considered for summary adoption at the formal session.

1.6 On the procedural aspect, the Indian representative drew the attention to the fact that a formal meeting of the Dispute Settlement Body, which was scheduled to be held on 22 September 1998 itself at 10.00 a.m., had been first postponed to 11.30 a.m., and later on to 3.00 p.m., possibly because of differences between two major delegations in this organization. Since the meeting of the DSB was to consider an important item with a specific reference to India, it was not possible for India to be represented at the formal meeting of the Committee on Market Access on that day, even if it would ordinarily have been possible. India had, time and again, brought to the attention of the WTO the human resource constraints of developing countries like her own with regard to attending meetings of various WTO bodies scheduled simultaneously. The procedural aspects that had underpinned her deliberations, and that had helped forge consensus in many instances, could in her view, have been observed in the instance of the proposal on the access to IDB as well.

1.7 Returning to the substantive aspect, India conveyed its disagreement with the proposal in paragraph 5, and the addition to paragraph 6 of Part IV of the informal note. She reiterated that her delegation's reasons for disagreement were primarily systemic in nature. The 10 November 1987 Decision of the GATT Council, that had launched the original IDB, had stipulated that all Contracting Parties would have full access to the database. There had been no review of this Decision by the General Council thus far. The proposal, in denying access to this very database to a large number of WTO Members themselves, would seek to reverse a trend Members had established in allowing wider access to this database to certain international organizations as well as certain countries that had applied for accession to the WTO. The proposal would seek to create a hierarchy of Members in the organization. These aspects required careful reflection before a penalty-driven system was instituted that would fragment the WTO's membership and had implications for other notification obligations enshrined in various WTO agreements. On the argument that restricted access was not a penalty, but an incentive, she stated that incentives in her delegation's view would seek to give, rather than take away. Besides, time needed to be allowed to Members to overcome the difficulties that they were facing in providing the necessary information electronically, information that they had already provided by way of printed copy. She noted that some of those Members whose electronic records were deemed to be available, had benefitted from careful inputting of the data into the computer by the WTO Secretariat. The fact that many Members were not able to seize this measure of advantage should in no way be held against them, now that the Secretariat was not able to furnish similar assistance. Persuasion and discussions had been the cornerstone in encouraging compliance of notification obligations in the WTO, and a system of penalising defaulters, once initiated, would have adverse consequences for the fundamental nature of the WTO. India would therefore urge all Members to rethink on the proposal. Incidentally, India had provided to the Trade Policy Review Body the required information on electronic media many months ago, and its own technical default was easily corrected. India's concern on this issue was essentially systemic. Due to the procedural as well as substantive concerns highlighted, India was thus not in a position to go along with paragraph 7 of the Periodic Report of the Market Access Committee. She requested the Goods Council, under the guidance of the Chairman, to take immediate steps to remedy the situation.

1.8 The representative of Australia expressed his concern that, despite numerous requests, most WTO Members had still not provided the required data to the IDB in accordance with the decision taken in 1997 by the General Council. He strongly encouraged Members to submit quickly detailed information on bound and applied tariffs and data on the most recent trade flows. Unless Members provided this information to the IDB, it might be necessary to take the matter up in the General Council and to look at alternatives in order to solve this problem. Australia was at least in part interested in this data with a view to possible new industrial tariff negotiations as part of a new round of comprehensive trade negotiations. Although the proposals for industrial tariff negotiations were very far from being agreed, a number of delegations, including his own, had indicated an interest in industrial tariff negotiations at recent WTO meetings. It was thus likely that the proposal for industrial tariff negotiations would be discussed over the next 12 months. For these discussions, it seemed logical to assume that delegations would want to be able to analyze what interest they might have or might not have in the subject. The lack of information in the IDB would disadvantage many delegations in undertaking that analysis. While Australia itself did have access to comprehensive data, other WTO delegations might not be in a position to analyze what interest they might have in the proposal for industrial tariff negotiations.

1.9 The representative of the United States stated that his delegation agreed with the decision that was taken by the Market Access Committee on the question of dissemination of the IDB. Commenting on the procedural issues that were raised by India he stated that his own recollection of the informal meeting that was held prior to the formal meeting of the Market Access Committee differed in some respects to what had been stated by India. The proposal that was eventually adopted at the formal meeting of the Market Access Committee had been put forward at the informal meeting ahead of time. There had been considerable support for that proposal at that time, and while India had

put forward reservations, he remembered that the Chairman of the Committee on Market Access, in summing up the results of the informal meeting, had stated clearly that he felt a consensus was developing around the proposal that was eventually adopted. There had been far greater support than opposition for that proposal. As often was the case in meetings of the WTO, there was a weighted opinion developing towards adoption of the proposal. The Chairman had urged Members to consult with capitals and had made clear his intention to bring the issue up at the formal meeting of the Market Access Committee. The US delegate believed that it could not be implied that anything inappropriate was done in terms of procedure. The Chairman had been trying to act in a reasonable and fair manner. Moreover, it was not the task of the Council for Trade in Goods to review the substance of decisions that were taken by subordinate bodies. It was the Council's role to take note of the decision by the Market Access Committee, but not to re-ignite the debate and take the substantive issues up once more. It would set a very damaging precedent for the organization, if the Goods Council reopened the matter, because it meant that it was impossible for a subordinate body to take decisions at formal meetings on agenda items that had been circulated and discussed in advance, simply because a Member had not been present and wanted to challenge the decision that was taken.

1.10 The representative of Venezuela stated that his delegation concurred with most parts of the report from the Market Access Committee. Members should be invited to submit their data as rapidly and as expeditiously as possible. Any cooperation which Members needed to comply with their obligation to supply data should be provided. In this regard, the letter to be sent by the Chairman of the Market Access Committee was very important. He stated that his delegation could not allow the report of the Market Access Committee to be approved if there was any possibility therein that not all Members may be able to receive access to the database. Barring Members from access to the IDB would be a punishment. Such a restrictive measure would be inappropriate and did set a negative precedent. Particularly developing countries would suffer if use was made of repressive measures to prevent them from access to information. In the Committee on Market Access, the point was made that there were Members which had difficulties in supplying data. These difficulties were not based on a lack of will by these Members. Based on the statement of the Indian delegation, there were sufficient elements to permit reconsideration of the report, and his delegation wished that the report be revised.

1.11 The representative of Mexico stated that due account should be taken of the situation of delegations from developing countries which could not always cover several meetings simultaneously, due to human resource restraints. There had been a proliferation of meetings as of late, and his delegation would not like to find itself in a situation where, having voiced specific concerns over a specific point in a given document such as India had just expressed, the text would nevertheless be adopted, not allowing his delegation to make its statement at the meeting at which the document was put up for adoption.

1.12 The representative of Pakistan shared the concerns expressed by India and stated that the adoption of a punitive approach of limiting access to the IDB to certain Members would hamper the abilities of certain WTO Members to contribute fully to the process. Only 36 countries had fulfilled their notification obligations so far. A more prudent course would be to give Members who had not yet done so a reasonable period of time to overcome the difficulties that they were facing in providing the information they had already supplied in writing in electronic format. He therefore urged Members to rethink on the proposal.

1.13 The representative of New Zealand urged Members to use restraint in the words they were using to describe the proposal. Words that characterized the proposal as "repressive" and "punishment" were not appropriate, as the proposal did not contain any repressive or punitive measure. It was a necessary incentive in order to get this new and very powerful tool off the ground and to work. Information was not being denied to Members, and it had been made very clear in the meeting of the Market Access Committee that all information from the database would be available to

all Members. It was merely the access to the full PC-based facility that was going to be granted on a reciprocal basis. On the contrary, a disincentive would be given to the provision and on-going provision of information, if countries were not obliged to provide full information to that database before they themselves had access to it. He wondered if even his government would provide information to a database that could be used by all Members in a very powerful way, while not having corresponding access to that same information from other Members. The proposal had to be seen in its historical context, namely as an effort to encourage full provision of the information to the database as required.

1.14 The representative of the European Communities requested that the statement made by India should be made available in writing to members of the CTG, as India had argued that important systemic issues were involved. Also his delegation had systemic concerns. He suggested to think very carefully about the implications of reversing a decision taken in conformity with the rules which all Members had agreed. In his view, delegations as members of the CTG were in a position to take note of the report of the Committee on Market Access, and he suggested that the Council should do so. He further stated that the 1987 Decision setting up the IDB was now of questionable relevance given the technological and other changes which had taken place since that time.

1.15 The representative of Canada agreed with the statements by the United States, New Zealand, and the European Communities concerning the procedural questions that had been raised by India. All procedures had been followed properly, and prior notice was given as to the fact that the issue was going to be discussed at the formal meeting of the Market Access Committee. His delegation supported fully the policy adopted at that meeting. The first necessary principle of full access was for everyone to provide data or to take steps to provide data. In that regard, only few Members had provided the data and only 9 other members had sought technical assistance. Therefore, the proposal would provide a reasonable incentive for other Members to provide the data in electronic form. Many Members in this organization had been able to provide electronic data to other organizations.

1.16 The representative of Malaysia, speaking on behalf of ASEAN, stated that the IDB was an important tool for the WTO's future work. In this regard, the call by Australia was appropriate; however, there must be a reason, especially from the perspective of developing countries, why some Members still had not submitted the required data. As concerns the points raised by India, he stated that it was appropriate, in light of the healthy functioning of the WTO, to grant due process to address the particular preoccupation of a delegation.

1.17 The representative of Japan stated that his delegation shared the views of the United States, New Zealand, the European Communities, and Canada. It was difficult to consider re-opening a certain matter or a certain aspect of a decision taken in a subsidiary body. The decision should be implemented with a view to sharing of information and for the preparation of possible future negotiations, especially in the area of industrial tariffs.

1.18 The representative of Brazil expressed concern that many delegations had difficulties in attending meetings all over the WTO. He himself was only covering for the regular Brazilian representative at the CTG, which made it more difficult for him to fully participate in the discussions. Smaller delegations were thus often at a disadvantage. It was therefore necessary to be very careful when moving from informal to formal meetings and about the way and place of taking decisions. The present case was an example that a formal meeting apparently adopted something about which one delegation had taken a contrary view in an informal meeting, and apparently was not duly consulted before what they felt were changes in the substance of the informal conclusions were adopted in the formal meeting. The matter of participation was of systemic nature, and needed to be attended with the utmost caution, as the example of India showed.

1.19 The representative of Argentina stated that while his delegation supported the policy relating to the IDB, he would like to echo his awareness of the incapacity of certain delegations to ensure blanket coverage of all meetings in the WTO. He therefore had sympathy for India's position and encouraged cooperation of members in enabling India to overcome the present situation.

1.20 The representative of India repeated that his delegation had not been able to be present at the formal meeting of the Market Access Committee due to special circumstances that had to do with the postponement of a DSB meeting at the same day and had been beyond India's control. Any insinuation that India had been deliberately absent, indifferent, or careless was very difficult to accept. In spite of being a small delegation, India would very rarely miss a meeting it wanted to attend. He agreed that the normal way of procedure was for the CTG to take note of a report by a subordinate body. However, in the present extraordinary circumstances, where India had a concern about the report of a subordinate body, it needed to be possible to raise such a concern at a higher body. Otherwise it was not clear why reports of subordinate bodies were included in the CTG agenda at all. It was very difficult to accept the view that a higher body could not look into the content of a report made by a subordinate body, when a Member had raised an issue regarding the content of such a report. He recalled that a situation similar to the present one had existed in November 1996, just before the Singapore Ministerial Conference, where one delegation had expressed concerns regarding a report that a subordinate body had adopted in the first few minutes of a meeting, before all delegations had entered the room. In that case, the Goods Council had taken some remedial action. He reiterated that where a concern was raised by a delegation in an informal meeting, the issue in question should not be concluded in the formal meeting if the delegation was not present without giving that delegation a chance to express its views in the formal meeting. It was necessary to continue with the practice of enabling all Members who were concerned with a particular issue to participate in formal meetings. He therefore repeated that a solution to the present situation must be found.

1.21 The Council took note of the report and all statements made, and agreed that the Chairman initiate consultations with the Chairman of the Market Access Committee, and, as necessary, with delegations concerned.

#### B. HARMONIZED SYSTEM – REQUESTS FOR EXTENSIONS OF WAIVERS

1.22 The Chairman drew attention to the communications from Bangladesh, Nicaragua and Sri Lanka, containing requests for extension of waivers which were going to expire on 31 October 1998. These requests for waiver extensions had been made in the context of the transposition of these Members' schedules into the Harmonized System, and in accordance with paragraph 1 of the Understanding in respect of Waivers of Obligations under the General Agreement on Tariffs and Trade 1994.

1.23 These requests for waivers were before the Council for Trade in Goods for its consideration pursuant to Article IX of the WTO Agreement. Draft decisions had been circulated to assist the Council in its consideration of these requests.

##### (a) Bangladesh (G/L/255, G/C/W/118)

1.24 The Chairman stated that the request for a waiver extension from Bangladesh had been circulated in document G/L/255 and a draft decision in document G/C/W/118.

1.25 The Council approved the extension of the waiver granted to Bangladesh until 30 April 1999, and recommended that the draft decision be forwarded to the General Council for adoption.

(b) Nicaragua (G/L/256, G/C/W/119)

1.26 The Chairman stated that the request for a waiver extension from Nicaragua had been circulated in document G/L/256 and a draft decision in document G/C/W/119.

1.27 The Council approved the extension of the waiver granted to Nicaragua until 30 April 1999, and recommended that the draft decision be forwarded to the General Council for adoption.

(c) Sri Lanka (G/L/257, G/C/W/120)

1.28 The Chairman stated that the request for a waiver extension from Sri Lanka had been circulated in document G/L/257 and a draft decision in document G/C/W/120.

1.29 The Council approved the extension of the waiver granted to Sri Lanka until 30 April 1999, and recommended that the draft decision be forwarded to the General Council for adoption.

C. ZAMBIA - RENEGOTIATION OF SCHEDULE XXVIII

- Request for an extension of the waiver (G/L/258, G/C/W/121)

1.30 The Chairman drew attention to the request by Zambia circulated in document G/L/258 for an extension of a waiver granted to it in connection with the renegotiation of its schedule, and to a draft decision in document G/C/W/121.

1.31 The representative of Zambia stated that his government had received a detailed response on its proposed changes from the EC and was expecting a similar response from the United States in the near future. His delegation was anxious to conclude its renegotiations with the EC and the United States before the end of the waiver extension.

1.32 The Council took note of the statement, approved the extension of the waiver granted to Zambia until 30 April 1999, and recommended that the draft decision be forwarded to the General Council for adoption.

D. DECISION ON THE INTRODUCTION OF HARMONIZED SYSTEM CHANGES INTO WTO SCHEDULES OF TARIFF CONCESSIONS ON 1 JANUARY 1996

- Extension of the Time-Limit (G/MA/W/17/Rev.1)

1.33 The Chairman recalled that the General Council had adopted five decisions, thereby suspending the application of the provisions of Article II of GATT 1994 until 31 October 1998, for the purpose of enabling Members to implement the 1996 recommended amendments to the Harmonized System nomenclature. He drew the Council's attention to the draft decision, contained in document G/MA/W/17/Rev.1 which now proposed to extend this time-limit until 30 April 1999. The annex to this draft decision listed Members who had requested an extension of their waivers. The purpose was to give Members more time to proceed with consultations or possible Article XXVIII negotiations.



1.34 The representative of Japan noted that until now only 3 Members had finished the process of rectifications and modifications to schedules for introducing the HS96 changes. Since the collective waivers were granted in January 1996, almost 3 years had passed, but regretfully no significant progress had been made. In view of the next tariff negotiations, it was rather problematic that the only firm legal basis for the schedules would lie in the HS92 schedules. If the present HS96 schedules could not be used as the legal basis, one had to compare the tariff rates of items with new technology by using the old classification technology. It was therefore indispensable to establish schedules based on HS96 as soon as possible. If no action was taken in this matter, Members were forced to request the Goods Council to extend waivers over and over again, every April and October respectively at the end of every extension period. To counteract this kind of situation, he requested all Members to consider the extension as being the last and to conduct bilateral negotiations actively.

1.35 For such bilateral negotiations, the following measures should be taken: first, it was necessary for members to submit concordance tables. Since many Members would submit their draft schedules without a concordance table, others who had only received a draft were unable to confirm the contents. This led to the situation that objections were raised without any specific reasons. Concordance tables should therefore be submitted as soon as possible. Secondly, a list should be provided which showed the situation of the objections: the list circulated by the Secretariat contained no information about which particular Members had raised objections, nor on the reasons and the status of bilateral negotiations. To ensure active bilateral negotiations, the Secretariat should prepare a list which included such kinds of information. Thirdly, on the issue of conclusion of bilateral negotiations, he stated that before the expiry date of the extension of the waiver presently under consideration, that was at the end of next April, Members who still had not finished the process should conduct bilateral negotiations with those who had raised objections. After the negotiations, the results should be conveyed to the Secretariat, which should then revise the list described under the second point raised. It was the view of his delegation that the proposed measures would expedite the process of finishing the HS96 modifications as soon as possible.

1.36 The Council took note of the statement, approved the extension of the waiver until 30 April 1999, and recommended that the draft decision be transmitted to the General Council for adoption.

## **II. STATUS OF NOTIFICATIONS UNDER THE PROVISIONS OF THE AGREEMENT IN ANNEX 1 A OF THE WTO AGREEMENT (G/L/223/REV.1)**

2.1 The Chairman stated that as indicated in the cover page to document G/L/223/Rev.1, the Council had adopted, at its meeting of 15 October 1996, a recommendation by the Working Group on Notification Obligations and Procedures to maintain on an ongoing basis the comprehensive listing of notification obligations under the provisions of Agreements in Annex 1A of the WTO Agreement and the compliance therewith. It was also agreed to update and circulate this listing semi-annually. This comprehensive listing which was included in Annex III of the Working Group's report to the Council contained in document G/L/112 had been updated three times already. The fourth update was contained in document G/L/223/Rev.1, and included all notifications made up to and on 30 June 1998. Any notifications made after this date would be included in the next update, which would be circulated at the beginning of next year as document G/L/223/Rev.2.

2.2 The Council took note of the information provided in document G/L/223/Rev.1.

## **III. FREE TRADE AGREEMENT BETWEEN THE CZECH REPUBLIC AND THE REPUBLIC OF ESTONIA**

- Notification by the Czech Republic (WT/REG62/N/1 and WT/REG62/1)

3.1 The Chairman drew attention to the notification from the Czech Republic circulated in document WT/REG62/N/1. The text of the Agreement had been circulated in documents WT/REG62/1.

3.2 The Chairman proposed that the Committee on Regional Trade Agreements carry out the examination of the Agreement in accordance with the following terms of reference:

"to examine, in light of the relevant provisions of the GATT 1994, the Free Trade Agreement between the Czech Republic and the Republic of Estonia and to submit a report to the Council for Trade in Goods".

3.3 It was understood that the understanding read out by the Chairman of the Council for Trade in Goods under item 7 of the Agenda of the meeting of the Council on 20 February 1995, as contained in document WT/REG3/1, would apply *mutatis mutandis* to the examination. It was also understood that, during the examination, due account would be taken of the intrinsic differences between customs unions and free-trade areas.

3.4 The Council so agreed.

#### **IV. FREE TRADE AGREEMENT BETWEEN THE SLOVAK REPUBLIC AND THE REPUBLIC OF ESTONIA**

- Notification by the Slovak Republic (WT/REG63/N/1 and WT/REG63/1)

4.1 The Chairman drew attention to the notification from the Slovak Republic circulated in document WT/REG63/N/1. The text of the Agreement had been circulated in document WT/REG63/1.

4.2 The representative of the Slovak Republic, speaking also on behalf of the Czech Republic and relating his comments to agenda items 3 and 4, informed Members that information following guidelines setting a standard format had already been submitted to the Secretariat and was being prepared for distribution. The delegations of the Czech Republic and the Slovak Republic had speeded up that work in order to give Members enough time for preparation of the next meeting of the Committee on Regional Trade Agreements where all Free Trade Agreements between the Czech Republic and the Slovak Republic on one hand and the Baltic States on the other hand would be on the agenda as one package.

4.3 The Chairman proposed that the Committee on Regional Trade Agreements carry out the examination of the Agreement in accordance with the following terms of reference:

"to examine, in light of the relevant provisions of the GATT 1994, the Free Trade Agreement between the Slovak Republic and the Republic of Estonia and to submit a report to the Council for Trade in Goods".

4.4 It was understood that the understanding read out by the Chairman of the Council for Trade in Goods under item 7 of the Agenda of the meeting of the Council on 20 February 1995, as contained in document WT/REG3/1, would apply *mutatis mutandis* to the examination. It was also understood that, during the examination, due account would be taken of the intrinsic differences between customs unions and free-trade areas.

4.5 The Council took note of the statement and agreed to the proposal by the Chairman.

## **V. USA – WORK ON DATA ISSUES IN THE MARKET ACCESS COMMITTEE**

5.1 The representative of the United States stated that by decision of the General Council last summer, WTO Members were obliged to notify trade and tariff data electronically on an annual basis. The Secretariat would store that data in the Integrated Database (IDB). The Market Access Committee had worked very hard to develop a user-friendly system for supplying and distributing this information on current technologies and software. However, the majority of WTO Members had not provided data on applied tariff rates and/or imports. The Market Access Committee was also working on methods for Members to supply schedules of WTO bindings in current Harmonized System nomenclature electronically, as required by the IDB. These activities were vital for two reasons: the first, and probably most important reason was implementation. Assessing implementation of market access commitments required information on current applied rates and bindings from all WTO Members. This notification obligation was no different than the notification obligations contained in other Agreements under the purview of this body. The second reason, that was preparing for mandated future negotiations, e.g. on agriculture, had already been discussed in the Special Session of the General Council. He urged that all Members notify current applied tariff and trade data as soon as possible, and that the work to develop electronic schedules of WTO bindings be accelerated. He requested that the Secretariat be in a position to apprise the Goods Council on a regular basis of the status of countries complying with this important obligation.

5.2. The Council took note of the statement made.

## **VI. CZECH REPUBLIC – FREE TRADE AGREEMENTS BETWEEN THE CZECH REPUBLIC AND TURKEY, AND THE SLOVAK REPUBLIC AND TURKEY**

6.1 The representative of the Czech Republic, speaking on behalf also of the Slovak Republic, stated that the Free Trade Agreement between the Czech Republic and Turkey had been ratified on 14 July 1998 and, in accordance with its Article 38, the Agreement had entered into force on 1 September 1998. The Free Trade Agreement between the Slovak Republic and Turkey had been ratified on 24 July 1998 and, in accordance with its Article 38, the Agreement entered into force on 1 September 1998.

6.2 The two Agreements aimed at the progressive establishment of a free-trade area between the parties in the sense of Article XXIV of the General Agreement. The free-trade area would be established over a transitional period ending on 1 January 2001, when duties and other restrictive regulations of commerce would have been abolished on substantially all the trade between the signatories. Both Agreements also contained provisions dealing with, *inter alia*, state aid, competition, public procurement and intellectual property rights. An evolutionary clause offered the possibility of extending the Agreement to areas not covered by it. A copy of the Agreement, including all annexes would be duly notified to the WTO and submitted to this body for consideration.

6.3 The Council took note of the statement made.

## **VII. KOREA – MEXICO'S PRICE MONITORING SYSTEM**

7.1 The representative of Korea stated that his delegation was concerned about the Automatic Import Advice System or Prior-to-import Notification System which Mexico had put into operation on 27 August 1998. This system would currently apply to 12 items including textiles, clothing and steel imported from certain countries and its application would be extended to additional 62 items soon. Mexico had argued that the system was put into place for statistical purposes. However, since this price monitoring system required only those importers of certain products originating from certain countries to declare the import price and to submit a price verification report if the price was lower than the reference price, Korea believed that it might violate provisions of WTO Agreements,

*inter alia*, Article 1 of GATT 1994 (MFN principle), Article 11.1(b) of the Safeguards Agreement (elimination of grey measures) and Article 2.2(a) of the Import Licensing Agreement (prohibition of automatic licensing procedures restricting import). His delegation hoped that the system would not be operated in a manner restricting imports or discriminating against imports from certain countries and reserved his right under the WTO Agreements on this matter.

7.2 The representative of Thailand, speaking in behalf of ASEAN, supported the concerns raised by Korea regarding the Automatic Import Advice System introduced by Mexico. His authorities were still carefully examining the issue in order to determine its consistency with WTO rules. He hoped that the system did not discriminate against imports from certain countries, or did create unwarranted and unnecessary obstacles to trade. The Mexican authorities had assured that the system presented a temporary measure. For the benefit of transparency and certainty to the trade environment, he requested Mexico to indicate before the CTG the length of the time-period that Mexico foresaw for this measure. In view of the global economic situation, ASEAN wished to appeal to all Members to refrain from employing trade measures that would unnecessarily undermine the confidence and observance of the multilateral rules and disciplines under the WTO.

7.3 The representative of Mexico took note of the statements and said that he would refer them to his capital.

7.4 The Council took note of the statements made.

## **VIII. WORK PROGRAMME ON ELECTRONIC COMMERCE**

8.1 The Chairman recalled that, in fulfilment of the Ministerial Declaration on Global Electronic Commerce adopted by Ministers at the second session of the Ministerial Conference, the General Council at its special session on 24 and 25 September 1998 had established a comprehensive work programme to examine all trade-related issues relating to global electronic commerce, taking into account the economic, financial, and development needs of developing countries, and to report on the progress of the work programme, with any recommendations for action, to the third session of the Ministerial Conference. In this connection, the General Council had instructed the Council for Trade in Goods to examine and report on aspects of electronic commerce relevant to the provisions of GATT 1994, the multilateral trade agreements covered under Annex 1A of the WTO Agreement, and the approved work programme. The issues to be examined would include: market access for and access to products related to the electronic commerce; valuation issues arising from the application of the Agreement on Implementation of Article VII of the GATT 1994; issues arising from the application of the Agreement on Import Licensing Procedures; customs duties and other duties and charges as defined under Article II of GATT 1994; standards in relation to electronic commerce; rules of origin issues; and classification issues.

8.2 The Goods Council would soon have to consider how to fulfill the mandated work programme. He proposed to hold in the near future open-ended informal consultations on the way to proceed with regard to the work mandate on electronic commerce.

8.3 The Council took note of the statement by the Chairman.

## **IX. DATE OF THE NEXT MEETING**

9.1 The Council took note that the next meeting was scheduled for 30 November 1998, and that the agenda would close by close-of-business 18 November 1998.

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